

Message Text

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PAGE 01 TRIPOL 01399 311016Z

12

ACTION TRSE-00

INFO OCT-01 NEA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

FEA-01 /068 W

----- 024359

R 301418Z DEC 74

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 1814

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY TUNIS

AMEMBASSY AMMAN

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E.O. 11652: N/A

TAGS: EINV EFIN LY

SUBJECT: TRIPARTITE INVESTMENT IN LDC'S UTILIZING MIDDLE EAST
OIL FUNDS

REF: STATE 281356

1. SOME LARG FUNDS MIGHT WELL BE MADE AVAILABLE TO EGYPT AND SYRIA WITHIN CONTEXT OF CONFEDERATION ARRANGEMENTS, BUT SUCH UNDERTAKINGS WOULD DEPEND ON POLITICAL DEVELOPMENTS. IN OTHER WORDS, ANY LIBYAN "INVESTMENTS" WOULD BE SUBJECT TO FAVORABLE POLITICAL CIRCUMSTANCES, AS VIEWED BY COLONEL QADHAFL.

2. GOVERNMENTAL INSTITUTION MOST INVOLVED IN FOREIGN PLACEMENT OF EXCESS FUNDS IS LIBYAN ARAB FOREIGN BANK WHICH SO FAR SEEMS TO HAVE LIMITED ITS ROLE TO BUYING HIGHLY LIQUID, SHORT TERM PAPER IN INDUSTRIALIZED COUNTRIES. PLACEMENT OF MONEY IN LDC'S HAS REMAINED WITH REGIME LEADERSHIP, SPECIFICALLY REVOLUTIONARY

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COMMAND COUNCIL. AS DISPOSAL OF EXCESS FUNDS IS USUALLY ANNOUNCED

WITHOUT TERMS OF REPAYMENT OR INTEREST RATES, IT IS DIFFICULT TO

ANALYZE ECONOMIC IMPACT. IN ADDITION TO LIBYAN ARAB FOREIGN BANK THERE IS INVESTMENT COUNCIL, A MINISTERIAL-LEVEL COMMITTEE, WITH HEAD OF BANK AS MEMBER. COUNCIL STILL IN EMBRYONIC STATE, AND WE NOT AWARE WHAT POLICY GUIDELINES IT WILL OPERATE. LIBYAN CITIZENS ARE NOT PERMITTED BY LAW TO INVEST ABROAD.

3. JUDGING FROM PERFORMANCE TO DATE, PROJECT FINANCING WITH ITS ATTENDANT HIGH ILLIQUIDITY WOULD MAKE OFFICIALS OF LIBYAN BUREAUCRACY SHY OF TYING UP SUBSTANTIAL SUMS OF MONEY THAT COULD NOT BE QUICKLY RECALLED. RCC CAN AND DOES MAKE TRANSFER PAYMENTS WHEN SOUGHT AFTER POLITICAL GOALS ARE SUFFICIENT.
STEIN

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Message Attributes

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